

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

JANUARY 5, 2000

IN RE:

SHOW CAUSE AGAINST LCI INTERNATIONAL, INC.) DOCKET NO. 98-00740
D/B/A QWEST COMMUNICATIONS SERVICES)

ORDER APPROVING SETTLEMENT AGREEMENT

This matter came before the Tennessee Regulatory Authority ("Authority" or "TRA") at a regularly scheduled Authority Conference held on July 13, 1999, on the Petition of LCI International, Inc. d/b/a Qwest Communications Services ("Qwest") and the Consumer Services Division of the TRA (the "CSD") for consideration of the proposed Settlement Agreement, attached hereto as Exhibit A.

At a regularly scheduled Authority Conference held on September 1, 1998, the Directors of the Authority unanimously voted to open a docket for the CSD to further investigate whether grounds existed to require Qwest to appear before the Authority to show cause, pursuant to Tenn. Code Ann. § 65-2-106, why the Authority should not take action against it for violations of Authority Rule 1220-4-2-.56(5) and Tenn. Code Ann. § 65-4-125.

Shortly after the opening of this docket and prior to the issuance of a show cause order, Qwest entered into settlement negotiations with the CSD that resulted in the proposed Settlement Agreement. As a part of this Settlement Agreement, Qwest has admitted that the long distance telephone service of two (2) Tennessee Consumers was switched to Qwest by an independent marketing agent without the knowledge or consent of such consumers. Qwest has terminated the

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services of the independent marketing agents responsible for slamming¹ these Tennessee consumers. Qwest has agreed to implement measures, as outlined in Exhibit A, to prevent similar occurrences in the future. Further, the Settlement Agreement requires Qwest to provide to the CSD quarterly reports for the period of twelve (12) months following the date of this Order so as to demonstrate compliance with the Settlement Agreement. These quarterly reports shall consist of monthly summaries of all preferred interexchange carrier ("PIC") disputes filed by Tennessee consumers as well as a detailed plan for corrective action to be taken against offending distributors or marketing agents, pursuant to Paragraph F of the Settlement Agreement. Qwest will also report to both the Authority and the appropriate state law enforcement officials any instance of a forged signature on a letter of agency which is purportedly from a Tennessee consumer. In addition, Qwest will pay to the Authority a civil fine in the amount of twenty-five thousand dollars (\$25,000).

At the Authority Conference on July 13, 1999, following a discussion with the parties and a review of the Settlement Agreement, the Directors voted unanimously to accept and approve the Settlement Agreement, including the payment by Qwest of the amount of twenty-five thousand dollars (\$25,000.00).

IT IS THEREFORE ORDERED THAT:

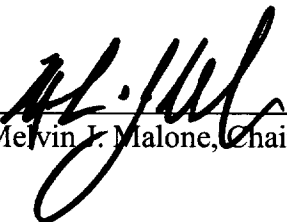
1. The Settlement Agreement, attached as Exhibit A, is accepted and approved and incorporated into this Order as if fully rewritten herein;
2. A civil fine of twenty-five thousand dollars (\$25,000.00) to be paid by Qwest shall be paid into the Public Utilities Account;

¹ Slamming is a colloquialism to denote the unauthorized changing of a consumer's long distance service provider without the consumer's written or oral authorization. Slamming is strictly prohibited by Tenn. Code Ann. § 65-4-125 and Tenn. Comp. R. & Regs. r. 1200-4-2-.56.

3. Upon payment of the amount of twenty-five thousand dollars (\$25,000.00), LCI International, Inc. d/b/a Qwest Communications Services is excused from further proceedings in this matter, provided that, in the event of any failure on the part of LCI International, Inc. d/b/a Qwest Communications Services to comply with the terms and conditions of the Settlement Agreement, attached to this Order as Exhibit A, the Authority reserves the right to re-open this docket for the purpose of securing compliance and enforcing the Settlement Agreement;

4. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days from the date of this Order; and

5. Any party aggrieved with the Authority's decision in this matter has the right of judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from the date of this Order.



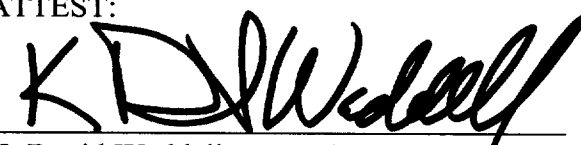
Melvin J. Malone, Chairman

H. Lynn Greer, Jr., Director



Sara Kyle, Director

ATTEST:



K. David Waddell, Executive Secretary

SETTLEMENT AGREEMENT

The purpose of this document is to memorialize a settlement agreement between LCI International, Inc., known now as Qwest Communications Services ("Qwest"), and the Consumer Services Division of the Tennessee Regulatory Authority ("Staff"). LCI Telemanagement was issued a Certificate of Authority on September 12, 1995, by the Tennessee Public Service Commission authorizing it as an operator service provider and/or reseller of telecommunications services for statewide service in Tennessee.¹ LCI International Telecom, Corp. was issued a Certificate of Authority on April 26, 1996, by the Tennessee Public Service Commission authorizing it as an operator service provider and/or reseller of telecommunications services for statewide service in Tennessee.² Qwest Telecommunications, Inc. was issued a Certificate of Authority on September 12, 1995, by the Tennessee Public Service Commission authorizing it as an operator service provider and/or reseller of telecommunications services for statewide service in Tennessee.³

On August 27, 1998, the Tennessee Regulatory Authority ("Authority") approved the transfer and control of LCI International Telecom Corp. and LCI International Inc. to Qwest.⁴ On November 3, 1998, the Authority approved the petition of LCI International Telecom Corp. to change its name to LCI International Telecom Corp. d/b/a Qwest Communications Services.⁵ As a provider of interexchange telecommunications services in Tennessee, Qwest is subject to the applicable laws of the State of Tennessee and to the rules and regulations of the Tennessee Regulatory Authority ("Authority").

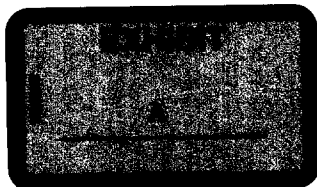
Based on the receipt of two (2) written complaints from Tennessee customers of Qwest, which alleged that their long distance telephone service was transferred to Qwest without the customers'

¹ Docket 95-03181

² Docket 95-03280

³ Docket 95-03127

⁴ Docket 98-00176



knowledge or consent, the Staff petitioned the Authority on August 25, 1998, to open a docket for the purpose of further investigation to determine whether grounds existed for the issuance of a show cause order. These two (2) complainants specifically allege that their signatures were forged by Qwest on Letters of Agency ("LOA") produced by the company. The Authority issued its written order granting the Staff's request on allegations of forgery by Qwest or representatives of Qwest on November 24, 1998. From November 24, 1998 to June 30, 1999, the Staff has received an additional fifteen (15) slamming complaints against Qwest.

In response to the Staff's inquiries, Qwest conducted its own investigation. Action taken by Qwest has resulted in the termination of the independent marketing agents responsible for forging the signatures of the above mentioned complainants. Qwest has taken additional corrective actions against distributors who have violated and are not in compliance with Qwest's policies regarding slamming.

In order to resolve this matter Qwest and the Staff have agreed to the following terms of the proposed settlement for consideration by the Authority:

- A. Qwest admits that the long distance telephone service of two (2) Tennessee consumers was switched to Qwest by an independent marketing agent without the consumers' knowledge or consent.
- B. Qwest agrees to pay the Authority a civil fine in the amount of Twenty-Five Thousand Dollars (\$25,000.00) for the apparent violations of Tennessee Code Ann. §65-4-125 and Tennessee Regulatory Rules and Regulations 1220-4-2-56 (5), committed by its independent marketing agents. Payment shall be made to the Authority within thirty (30) days of the date the Authority's Order approving the settlement.

⁵ Docket 98-00747

C. Qwest shall require each individual employee, including any employee of its independent marketing agents, engaging in soliciting its services in Tennessee to execute an acknowledgment form stating that the employee understands and accepts Qwest's policy prohibiting submission of carrier changes without proper authorization as prescribed by Tennessee rules and regulations. Copies of these executed forms will be available to the Staff upon request.

D. Qwest shall take appropriate measures to ensure that it has obtained the proper authorization from consumers prior to switching their long distance service including, but not limited to, performing validity checks on all LOAs submitted by its marketing agents to verify the accuracy of state, zip code, and area code information.

E. Qwest will continuously monitor the number of unauthorized conversions associated with each distributor or independent marketing agent and take immediate actions, up to and including, termination of the sales and marketing distributor and/or the specific marketing agent responsible for the unauthorized conversion to remedy the situation.

F. For a period of twelve (12) months following the date the Order approving this Settlement, Qwest will submit to the Staff quarterly reports, to be received no later than thirty (30) days from the end of the quarterly reporting period, for the purpose of ensuring its compliance with this Settlement. These quarterly reports will include the following information:

1. A monthly summary of all preferred interexchange carrier ("PIC") disputes filed either with Qwest or the local exchange carrier by Tennessee consumers. Each summary shall include the name of the consumer, telephone number, the date the unauthorized conversion occurred, the date the customer was disconnected from Qwest

services and the name of the distributor and/or marketing agent responsible for the action.

2. A detailed plan of corrective action taken or to be taken for each distributor and/or marketing agent who receives more than twenty (20) PIC disputes during a particular quarter.

G. Upon confirmation that any sales representative of Qwest or its distributors has forged the signature on an LOA of a purported new customer residing in Tennessee, Qwest will disclose to the Authority and the appropriate state law enforcement official the name of the sales representative for investigation and possible action that may be warranted by the circumstances.

Entered into this the 6TH day of JULY, 1999 by:

QWEST TELECOMMUNICATIONS SERVICES

BY:

H. Loden Baltimore
SIGNATURE

H. Loden Baltimore
PRINTED NAME

COUNSEL
TITLE

TENNESSEE REGULATORY AUTHORITY

Eddie Roberson

Eddie Roberson, Chief Consumer Services Division